

# EXHIBIT “B”

**ORDINANCE NO. 300**

**AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO EXTENDING A TEMPORARY MORATORIUM ON THE CONVERSION OF MOBILEHOME PARKS TO RESIDENT OWNERSHIP FOR AN ADDITIONAL THREE MONTHS, TO JULY 27, 2007**

The City Council of the City of East Palo Alto does ordain as follows:

**SECTION 1.** This ordinance is adopted pursuant to Gov. Code §§ 36937(d) and 65858. The purpose of this ordinance is to extend the prohibition on the conversion of mobilehome parks to resident ownership within the city of East Palo Alto, pending enactment of permanent regulations affecting such conversions. The East Palo Alto City Council finds and determines as follows:

- a. Mobilehome parks provide a significant segment of the affordable housing stock available for East Palo Alto residents. At present there are two mobilehome parks subject to rent regulation within East Palo Alto. These two parks containing some 150 mobilehome spaces are subject to the rent adjustment provisions of Chapter 14.04 of the East Palo Alto Municipal Code (EPAMC), incorporated by reference herein.
- b. In most instances, mobilehome residents own or are purchasing their mobilehomes and pay monthly rent for the spaces beneath. Annual rent increases for mobilehome spaces are regulated under Chapter 14.04 of the EPAMC.
- c. The reasons for the City's Rent Adjustment Ordinance are set forth at § 14.04.020 of the EPAMC.
- d. The Housing Element of the City's General Plan, incorporated by reference herein, seeks to preserve affordable housing by conserving the City's existing stock of mobilehomes through enforcement of City ordinances that protect mobilehome parks from conversion and by providing rent stabilization protection. The Housing Element acknowledges, and the testimony and evidence adduced at the March 13, 2007 and April 24, 2007 public hearings confirm, that residents of mobilehome parks are seniors, or low-to-moderate income residents unable to purchase homes in the Bay Area housing market. Many residents are on fixed-incomes or are disabled while other residents would have great difficulty in relocating their older mobilehomes to other parks in San Mateo County with comparable amenities.
- e. State law permits a mobilehome park to be subdivided into separate lots, such that residents may own not only the mobilehome itself, but also the space beneath it. These subdivisions are known as "the conversions of a mobilehome park to resident ownership." Upon such conversion to resident ownership, local rent control provisions are, by state law, no longer applicable. The City has been notified by representatives of one mobilehome park owner that the owner intends to seek conversion of a park to resident ownership.

APR. 27. 2007 3:13PM

CITY OF E PALO ALTO

NO. 5396 P. 3

Ordinance No. 300

Page 2

- f. When initiated by residents of a mobilehome park, the conversion of the park to resident ownership may provide the residents with the security and advantages of full homeownership. Such resident-initiated conversions, however, can be challenging in East Palo Alto, where the land underlying mobilehome parks is often valued in the millions of dollars, far beyond the financial reach of most park residents.
- g. The economic displacement of nonpurchasing residents resulting from the conversion of a mobilehome park initiated by the park owner is subject to Gov. Code § 66427.5. State courts have previously held that local rent controls are displaced upon the sale of a single lot within a mobilehome park. Local experiences indicate that when local rent control is removed, space rents and the sales values of mobilehomes are destabilized. Although state law provides some protection for certain mobilehome park residents, the protections may be inadequate for residents who do not qualify as a lower income household. Furthermore, the rent adjustment provisions applied pursuant to subdivision (f) of Gov. Code § 66427.5 do not appear to extend to new tenants.
- h. While Gov. Code § 66427.5 establishes certain parameters for the processing of an application for conversion of a mobilehome park to resident ownership, it appears to permit some level of local regulation which may include, but need not be limited to: specifying the procedures for accepting and processing applications; regulating the form, content and use of the survey required by Gov. Code § 66427.5; establishing standards to ensure that a conversion to resident ownership is "bona fide" in accordance with case law and Section 2 of Chapter 1142 of the California Statutes of 2002; establishing local incentives for voluntary protection of housing affordable to lower income households within mobilehome parks; or such other regulations as may essential to avoid the current and immediate loss of a significant portion of the City's vital affordable housing stock.
- i. It is in the interest of the city of East Palo Alto, of owners and residents of mobilehome parks, and of the community as a whole, that the Council consider regulations to promote the lawful purposes of preserving affordable housing within mobilehome parks, while providing opportunities for resident ownership wherever feasible and appropriate. The City Council finds that the extension of the temporary moratorium is necessary to provide staff and advisory bodies sufficient time to study the issues and make recommendations on whether and how to regulate mobilehome park conversions consistent with the provisions of Gov. Code § 66427.5.
- j. If the temporary 45-day adopted March 13, 2007 and scheduled to expire April 27, 2007 is not extended, it would be destructive of any proposed future requirements and regulations if, during the period they are being studied and considered for adoption, parties seeking to avoid their operation and effect are permitted to convert existing mobilehome parks to resident ownership in a manner that might defeat in whole, or in part, the objectives of such requirements and regulations. As a result, it is necessary to extend the moratorium and prohibition on the conversion of mobilehome parks to resident ownership within the city of East Palo Alto pending the completion of the City's review of the impacts of park conversions and the enactment. of local regulations consistent with the provisions of Gov. Code § 66427.5.

Ordinance No. 300  
Page 3

- k. Conversion of the park to a resident-owned park fundamentally alters the nature of its use because of the significant increase in land value, which would likely cause a significant change in the demographic makeup of the park residents.
- l. During the initial moratorium, a report was made to the Rent Stabilization Board regarding the justification for the moratorium; this report was made because conversion to a resident-owned park would result in loss of protections afforded by the City's rent stabilization program;
- m. During the initial moratorium, a report was made to the Planning Commission regarding the likely filing of a subdivision application to convert Palo Mobile Estates mobile home park to a resident-owned park; this report was made because the Planning Commission is the initial decision-making body regarding subdivision applications. The Planning Commission was also given information regarding similar proceedings in other communities and the possibility of new legislation that might guide the processing of such applications;
- n. During the initial moratorium, a meeting of stakeholders, including Palo Mobile Estates residents and the park owner's representatives, was facilitated by Mayor Woods and Vice Mayor Foster; the purpose of this meeting was to identify common concerns and possible compromises.
- o. During the initial moratorium, City staff monitored bills introduced in the state Assembly and Senate to amend Gov. Code § 66427.5, the statute which currently guides the conversion process; and
- p. City staff also monitored, and consulted with, other communities with similar moratoriums in place or recently-expired, such as the counties of Santa Cruz and Sonoma, and the city of Santa Rosa. Staff continues to monitor the 30 or so communities in California with conversion applications on file or imminent.
- q. The April 17, 2007 Administrative Report to the City Council is hereby adopted as part of the administrative record of these proceedings.

**SECTION 2.** During the period this ordinance remains in effect, no permit or approval of any entitlement application shall be granted allowing the conversion of a mobilehome park to resident ownership within the city of East Palo Alto.

**SECTION 3.** Based on the findings and conditions set forth in Section 1 of this ordinance, the City Council determines and declares that the conversion of mobilehome parks to resident ownership without local regulation consistent with the provisions of Gov. Code § 66427.5 constitutes a current and immediate threat to the public health, safety, and welfare; and that this ordinance is necessary as an urgency measure for the immediate preservation of the public peace, health, or safety.

Ordinance No. 300

Page 4

**SECTION 4.** For the purposes of this ordinance, "mobilehome park" shall mean a mobilehome park as defined in Civil Code § 798.3(a). The phrase "conversion of a mobilehome park to resident ownership" shall mean a subdivision of a mobilehome park pursuant to Gov. Code § 66427.5.

**SECTION 5.** During the period this ordinance remains in effect, the provisions of this ordinance shall govern. If there is any conflict between the provisions of this ordinance and any provision of the EPAMC or any City ordinance, resolution, or policy, the provisions of this ordinance shall control.

**SECTION 6. Environmental Determination.** This ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines § 15061(b)(3) and § 15262 in that it can be seen with certainty that there is no possibility that this ordinance or its implementation would have a significant effect on the environment. The Planning Manager is directed to file a notice of exemption in accordance with CEQA and the State CEQA Guidelines.

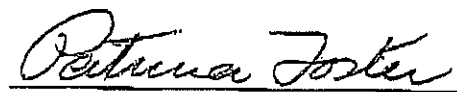
**SECTION 7. Severability.** If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be unconstitutional and invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The City Council hereby declares that it would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

**SECTION 8. Effective Date.** This ordinance is an ordinance for the immediate preservation of the public health, safety and welfare and is hereby declared to be in full force and effect from April 27, 2007 to and including July 27, 2007 unless the terms and time period of this ordinance are terminated or extended by the City Council in accordance with Gov. Code § 68585.


\* \* \*

**PASSED AND ADOPTED** by the City Council of the City of East Palo Alto this 24th day of April, 2007 by the following vote:

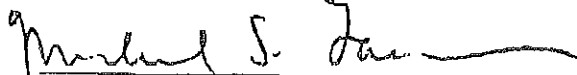
<b>AYES:</b>	Woods, Foster, Rutherford, Abrica
<b>NOES:</b>	Evans
<b>ABSTAIN:</b>	0
<b>ABSENT:</b>	0

  
David Woods, Mayor

**ATTEST:**

  
Deputy City Clerk

**APPROVED AS TO FORM:**

  
City Attorney